

Message Text

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ACTION EA-14

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FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 6431

UNCLAS SECTION 1 OF 2 PHNOM PENH 7871

E.O. 11652: N/A

TAGS: EAID SREF CB

SUBJ: VOLUNTARY AGENCIES SUPPORT COSTS

1. WE HAVE RECEIVED THE FOLLOWING LETTER FROM CATHOLIC RELIEF SERVICES QUOTE DEAR MR. OLMSTED, REFERENCE IS MADE TO U.S.A.I.D. GRANT AGREEMENT NUMBER 422-15-833-001 BETWEEN THE UNITED STATES OF AMERICA AND CATHOLIC RELIEF SERVICES. PURSUANT TO THIS AGREEMENT NO EXPENDITURES FOR STAFF SUPPORT ARE ALLOWED. IN THE PAST WE HAVE REQUESTED AT BOTH YOUR OFFICE AND WASHINGTON FOR AN ALLOWANCE TO HELP PAY FOR THESE EXPENSE(SIC). TO DATE THE RESPONSE TO THIS QUESTION HAS BEEN NEGATIVE. HOWEVER, WITH THE ARRIVAL OF MEDICAL PERSONNEL THIS PROBLEM HAS A NEW DIMENSION. CATHOLIC RELIEF SERVICES IS PAYING THE FULL COST OF ROOM AND MEALS FOR ALL THIRD COUNTRY NATIONALS IN PHNOM PENH BUT MEDICAL TEAMS ARE NOW OPERATING IN KOMPONG THOM, KOMPONG SOMM, KOMPONG SPEU AND NEAK LOEUNG. THE TEAMS ROTATE BETWEEN PHNOM PENH AND THE PROVINCES. IN ORDER FOR THE TEAMS TO OPERATE EFFECTIVELY IN THESE AREAS IT HAS BEEN NECESSARY TO RENT TEMPORARY LIVING QUARTERS AND SUPPLY THE TEAMS WITH BASIC LIVING ITEMS SUCH AS PURE DRINKING WATER, FOOD AND HOUSEHOLD ITEMS NOT AVAILABLE LOCALLY. WE SEE THESE EXPENSES AS VALID OPERATIONS EXPENSES AND NOT STAFF MAINTENANCE COSTS WHICH ARE BEING FULLY PAID BY CRS IN PHNOM PENH. THEREFORE, WE WOULD LIKE TO CONSIDER THE HOUSING EXPENSES OF THE MEDICAL TEAMS IN THE PROVINCES AS LEGITIMATE EXPENDITURES FROM OUR RIEL GRANT

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FUNDS. VERY TRULY YOURS, S/(REV.) PHILIP D. MCNAMARA, PROGRAM

DIRECTOR UNQUOTE.

2. THE FOREGOING LETTER HIGHLIGHTS THE VOLUNTARY AGENCIES PROBLEMS. IN ORDER TO AVOID THE ISSUE AS TO WHETHER PERSONNEL WORKING FOR VOLUNTARY AGENCIES, EITHER AMERICAN OR TCN, COME UNDER THE PERSONNEL RESTRICTIONS, SECTION 656 OF THE FOREIGN ASSISTANCE ACT, THE GRANTS TO THE VOLUNTARY AGENCIES PROVIDE THAT SALARY COSTS SHALL NOT BE PAID FROM THE AID GRANTS. IT IS TIME TO RE-EXAMINE THIS QUESTION.

3. DURING LAST SEVERAL MONTHS, THE VOLUNTARY AGENCIES HAVE AND ARE CONTINUING TO EXPAND AND TO IMPROVE THEIR RELIEF PROGRAMS. LEAST YEAR THESE PROGRAMS WERE LARGELY REACTIVE RELIEF PROGRAMS, I.E., WHEN A REFUGEE EMERGENCY ACROS, THE VOLUNTARY AGENCIES WOULD RUSH IN FOOD, CLOTHING, HOUSEHOLD ITEMS AND, IF THEY COULD, CONSTRUCT TEMPORARY SHELTER. OVER THE MONTHS, HOWEVER, AS THE VOLUNTARY AGENCIES GAINED MORE EXPERIENCE AND A BETTER UNDERSTANDING OF THE REFUGEES. WITHOUT ANY FORMAL AGREEMENT, THE VOLUNTARY AGENCIES BEGAN TO CONCENTRATE ON DIFFERENT GEOGRAPHIC LOCATIONS. CRS HAVING THE LARGEST RELIEF PROGRAM CONCENTRATED ON THOSE AREAS WITH THE MOST SERIOUS REFUGEE PROBLEM - PHNOM PENH, KOMPONG THOM, KOMPONG SPEU, AND KOMPONG SOM. CARE HAS CONCENTRATED ON SIEM REAP, ODDAR MEAN CHEY, AND NORTHERN BATTAMBANG. WVRO HAS BECOME HEAVILY INVOLVED IN KOMPONG CHHNANG, PURSAT, AND SOON TAKEO. AFTER CONSIDERABLE PRODDING BY MISSION, THE VOLUNTARY AGENCIES ALSO BEGAN TO CONSOLIDATE THE DIFFERENT ASPECTS OF REFUGEE RELIEF INTO ONE ONGOING AND COMPREHENSIVE PROGRAM. THE BEST EXAMPLE OF THIS TYPE OF PROGRAM IS THE CRS LONG-RANGE RELIEF PROGRAM IN KOMPONG SOM WHICH INCLUDES IN ONE PROGRAM FOOD DISTRIBUTION, CHILD FEEDING, BARRACKS CONSTRUCTION, ELEMENTARY ECONOMIC DEVELOPMENT, AND MEDICAL ATTENTION. FROM THE MISSION'S STANDPOINT, BOTH OF THE ABOVE CHANGES INSTITUTED BY THE VOLUNTARY AGENCIES ARE HIGHLY DESIRABLE AND LONG OVERDUE. SINCE INCEPTION OF THE VOLAG PROGRAMS, ONE OF OUR CONTINUING CONCERNS HAS BEEN THAT THERE WERE REFUGEES IN DEED WHO WERE OVERLOOKED BY THE VOLUNTARY AGENCIES AND WERE NOT BEING ASSISTED. HOWEVER, BY INFORMALLY TAKING OVER SEPARATE GEOGRAPHICAL AREAS, THE VOLUNTARY AGENCIES INSURE THAT ONE AGENCY AT LEAST IS RESPONSIBLE FOR CARING FOR ALL THE REFUGEES IN A GIVEN AREA - NOT JUST REFUGEES WHO COME IN

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LARGE GROUPS. ANOTHER CONCERN HAS BEEN THAT SOME REFUGEE GROUPS WERE NOT RECEIVING ADEQUATE OR TIMELY ASSISTANCE. FOR EXAMPLE, IN KOMPONG SOM, CRS AND WVRO BOTH BUILT HOUSES FOR REFUGEES, HOWEVER, FOOD DISTRIBUTION HAS BEEN ERRATIC. THIS PROBLEM IS LARGELY DUE TO THE VOLAGS BECOMING OVER-EXTENDED AND UNABLE TO FOLLOW THROUGH ON THEIR PROJECTS.

4. THE BIGGEST OBSTACLE FACED BY THE VOLUNTARY AGENCIES IN

THE EXPANSION AND IMPROVEMENT OF THEIR RELIEF PROGRAMS ALONG THE LINES OUTLINED ABOVE IS THE LACK OF COMPETENT EXPATRIATE STAFF. EVEN WITH THE RECENT EXPANSION OF EXPATRIATE STAFFS, THE VOLUNTARY AGENCIES ARE STILL UNDERSTAFFED WITH NO OFFICES IN THE PROVINCES TO MONITOR NEEDED ONGOING REFUGEE ASSISTANCE. WITHOUT THESE OFFICES, THEY CANNOT EXPAND THEIR PROGRAMS THE WAY THEY WANT TO. IN ORDER TO CONCENTRATE ON A GEOGRAPHIC AREA AND EFFECTIVELY ASSIST ALL REFUGEES, THE VOLUNTARY AGENCIES NEED TO HAVE A REPRESENTATIVE ON SITE TO UNDERSTAND THE WHOLE REFUGEE PROBLEM THOROUGHLY AND TO REACT IMMEDIATELY TO ANY EMERGENCY WHICH COMES UP. SECOND, THE VOLUNTARY AGENCIES ALSO NEED MORE PERMANENT REPRESENTATIVES IF THEY ARE TO CONTINUE TO IMPLEMENT ONGOING, COMPREHENSIVE, AND INTEGRATED RELIEF PROGRAMS. THE KEY TO THE IMPLEMENTATION OF THIS TYPE OF PROGRAM IS FOLLOW-UP - THERE HAS TO BE A MAN ON THE PROJECT SITE ALMOST EVERY DAY TO CHECK ON THE PROGRESS OF THE PROGRAM AND TO MAKE THE NECESSARY CHANGES.

5. THE VOLUNTARY AGENCIES HAVE DISCUSSED THIS PROBLEM WITH THE MISSION AND THE VOLAGS AGREE STRONGLY WITH THE NEED FOR PERMANENT PROVINCIAL OFFICES. UNFORTUNATELY, THEY HAVEN'T BEEN ABLE TO SET UP THESE OFFICES FOR LACK OF COMPETENT EXPATRIATE PERSONNEL, AND THEY CANNOT GET MORE EXPATRIATES WHILE THE VOLUNTARY AGENCIES ARE PROHIBITED FROM USING RIELS AND US DOLLARS ADVANCED BY THE U.S. GOVERNMENT TO COVER THEIR DIRECT SUPPORT COSTS. (BISHOP SWANSTROM OF CRS HAS ALREADY APPROVED THREE MORE POSITIONS FOR CRS/KHMER REPUBLIC, BUT IS UNABLE TO FILL THEM DUE TO THE "EXTRAORDINARY COST OF LIVING EXPENSES" IN THE KHMER REPUBLIC.) SUPPORT COSTS HAVE BECOME COSTLY NOT ONLY DUE TO INFLATION BUT ALSO THE EXTRAORDINARY COSTS OF SUPPLYING FIELD TEAMS WITH ALMOST ALL NECESSITIES DUE TO THE COMPLETE ABSENCE, IN MANY AREAS, OF FOODSTUFFS AND OTHER GOODS IN ISOLATED GOVERNMENT HELD ENCLAVES. THE COSTS ARE

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HIGHER THAN NORMAL DUE TO THE FACT THAT SECURITY AND DIFFICULT FIELD CONDITIONS, PRECLUDE PERMANENT ASSIGNMENTS. THEREFORE

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R 100306Z JUN 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 6432

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IT IS NECESSARY TO MAINTAIN TWO HOUSING FACILITIES, ONE IN PHNOM PENH AND ONE AT THE FIELDS STATION WHERE REFUGEE WORK IS GOING ON. THIS MEANS TWO OF ALL THE ESSENTIALS WHICH MAKE UP A HOUSEHOLD INCLUDING FURNITURE, GENERATORS, WORKERS, GUARDS, KITCHEN UTENSILS, ETC. MUST BE PROVIDED. THIS UNEXPECTED COST WILL SEVERELY RESTRICT FURTHER EXPANSION OF THE VOLUNTARY AGENCIES STAFF AND IF COSTS CONTINUE TO RISE, MAY EVEN MEAN A REDUCTION IN EITHER STAFF OR LOCATIONS SERVICED. WE BELIEVE THE VOLUNTARY AGENCIES SHOULD CONTINUE EXPANDING AND IMPROVING THEIR RELIEF PROGRAMS TO MEET PRESENT REFUGEE NEEDS. UNFORTUNATELY, THE VOLUNTARY AGENCIES CANNOT CONTINUE WITH THIS EXPANSION WITHOUT ADDITIONAL FUNDS TO SUPPORT THEIR EXPATRIATE STAFF. THE SOLUTION WOULD THEREFORE APPEAR TO BE TO ALLOW VOLUNTARY AGENCIES TO USE FUNDS ADVANCED BY THE U.S. GOVERNMENT TO COVER DIRECT SUPPORT COSTS OF THEIR EXPATRIATE STAFF.

6. DIRECT SUPPORT COSTS PAID BY VOLUNTARY AGENCIES (PER MONTH).

A. CRS

- PAID IN RIELS: 5,860,000 RIELS COVER COST OF ROOM AND MEALS FOR THE AMERICANS AND TCN'S ON CRS STAFF.

- PAID IN US DOLLARS: \$5,328 COVER THE FOLLOWING:

-A) AIRFARE TO AND FROM HOME COUNTRY.

-B) AIRFARE FOR R & R.

B. CARE (ESTIMATE)

- PAID IN RIELS: 1,000,000 RIELS COVER EXPENSES FOR ALL FOUR AMERICAN MEMBERS OF CARE STAFF.

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- PAID IN US DOLLARS (UNAVAILABLE - MUST CONTACT CARE, NEW YORK).

C. WORLD VISION RELIEF ORGANISATION

- WVRO PAYS ONLY STRAIGHT SALARY.

7. IF SUPPORT COSTS COULD BE PAID DIRECTLY FROM U.S. GOVERNMENT FUNDS BOTH CRS AND CARE BELIEVE THAT THEY COULD SIGNIFICANTLY EXPAND THEIR PROGRAMS. CRS WOULD PROBABLY BRING

AT LEAST THREE NEW PEOPLE TO WORK PERMANENTLY IN KOMPONG THOM, KOMPONG SPEU, AND KOMPONG SOM AND ANOTHER SPECIALIST TO WORK FULL TIME ON PL 480. CARE WOULD ALSO TRY TO BRING IN TWO MORE GENERALISTS AND A COMMUNITY DEVELOPMENT SPECIALIST IN ORDER TO SET UP A PERMANENT OFFICE IN SIEM REAP OR BATTAMBANG. THEY ALSO MIGHT BE ABLE TO BRING IN MEDICAL PERSONNEL, BUT THAT WOULD DEPEND ON NEW YORK. SUPPORT COSTS DO NOT APPEAR TO OVERLY CONCERN WVRO, BUT IF THEY COULD USE US ADVANCED FUNDS TO COVER SALARIES, WVRO WOULD LIKE TO BRING A DOCTOR, A MEDICAL ADMINISTRATOR, AN ACCOUNTANT AND A SECRETARY.

8. ANY RELIEF WHICH CAN BE AFFORDED THE VOLUNTARY AGENCIES WILL BE HELPFUL IN GIVING GREATER DEPTH AND SCOPE TO VOLUNTARY AGENCIES PROGRAMS. THE COMPELLING NEED IS NOT SO MUCH FOR MORE FUNDS, AS FOR FIELD PERSONNEL TO SUPERVISE RELIEF DISTRIBUTIONS, TO WORK ON REFUGEE INSTITUTIONAL PROBLEMS AND ASSIST IN GETTING RESETTLEMENT ACTIVITIES UNDERWAY.

A. LOCAL CURRENCY SUPPORT COSTS

MOST IMMEDIATE RELIEF WHICH CAN BE PROVIDED TO THE VOLUNTARY AGENCIES POSITION IS THE USE OF LOCAL CURRENCY COUNTERPART FUNDS TO PAY LOCAL CURRENCY COSTS. THESE WOULD INCLUDE MAINLY HOUSING AND TRAVEL AND TRANSPORTATION COSTS. LOCAL CURRENCY COULD ALSO BE USED FOR COSTS OF LIVING ALLOWANCES. IF GKR-OWNED COUNTERPART LOCAL CURRENCY FUNDS WERE USED BY THE VOLUNTARY AGENCIES TO PAY A LANDLORD OR AN AIRLINE FOR SUCH SUPPORT COSTS, IS THERE ANY REASON TO CONCLUDE THAT SUCH PAYMENT WOULD BRING VOLUNTARY AGENCIES PERSONNEL IN QUESTION UNDER THE LIMITS OF SECTION 656? WE SEE NONE AND THEREFORE REQUEST CONFIRMATION THAT LOCAL CURRENCY COUNTERPART FUNDS CAN BE USED FOR THIS TYPE OF SUPPORT COST WITHOUT REGARD TO SECTION 656.

B. INDIRECT DOLLAR SUPPORT COSTS

THE QUESTION OF DOLLAR SUPPORT COSTS IS MORE COMPLEX. WE PROPOSE THAT AT THE VERY LEAST DOLLAR FUNDS CAN BE USED BY THE VOLUNTARY AGENCIES FOR COSTS WHICH ARE NEEDED SO THAT

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PERSONNEL IN THEIR EMPLOY CAN CARRY OUT PROGRAM OPERATIONS. THIS EXCLUDES DIRECT SALARY OR ALLOWANCE COSTS. IT WOULD INCLUDE COST OF SHIPMENT OF EFFECTS, FOR EXAMPLE. IT IS THEREFORE REQUESTED THAT IF POSSIBLE A DETERMINATION BE MADE THAT SUCH COSTS CAN BE BORNE BY THE VOLAGS WITH DOLLAR FUNDS WITHOUT PROVISION TO SECTION 656.

C. DIRECT DOLLAR SUPPORT COSTS: U.S. NATIONALS

THE LAST QUESTION IS THE KEY ONE AND IS SUBDIVIDED INTO AMERICAN NATIONALS AND TCN'S. WITH REGARD TO AMERICAN NATIONALS, SECTION 656 SPEAKS OF QUOTE OFFICERS AND EMPLOYEES OF EXECUTIVE AGENCIES UNQUOTE. IT DOES NOT INCLUDE EMPLOYEES OF VOLAGS WHO RECEIVE BLOCK INSTITUTIONAL GRANTS FROM THE U.S.G. RECOGNIZE THE COMPLEXITY OF THIS ISSUE AND THE PROBLEMS OF LEGISLATIVE HISTORY CONSISTENT WITH OUR INTERPRETATION OF SECTION 656

WHICH WOULD PERMIT THE VOLAGS TO USE THE FUNDS UNDER THEIR GRANTS FROM AID FOR THE DIRECT COSTS OF THEIR PERSONNEL IN CAMBODIA. WE REQUEST WASHINGTON EXPLORE THIS MATTER.

D. DOLLAR SUPPORT COSTS: TCN'S

THE ISSUE OF TCN'S IS DIFFERENT SINCE THE WORDING OF SECTION 656 IS MORE RESTRICTIVE WITH REGARD TO TCN'S TO THE EXTENT THAT TCN'S PAID QUOTE IN WHOLE OR PART, DIRECTLY OR INDIRECTLY UNQUOTE COUNT AGAINST THE CEILING. HOWEVER GIVEN THE WIDESPREAD AND CONGRESSIONAL INTEREST IN PROGRAMS TO ALLEVIATE REFUGEE MEDICAL CONDITIONS, THERE MAY WELL BE SUFFICIENT INTEREST AND SYMPATHY FOR A PROPOSITION THAT TCN'S WORKING FOR VOLUNTARY AGENCIES UNDER BLOCK GRANTS FROM AID, AT LEAST IN THE MEDICAL AREA, BE EXCLUDED FROM SECTION 656. WE BELIEVE ONE DIRECT BENEFIT FROM THAT WOULD BE THAT THE VOLUNTARY AGENCIES WOULD RECRUIT FRENCH-SPEAKING MEDICAL PERSONNEL FOR CAMBODIA. FOR EXAMPLE, CARE COULD OBTAIN CANADIAN DOCTORS UNDER ITS MEDICO PROGRAM. THE FOREGOING WAS DISCUSSED WITH THE BRADY/SULLIVAN HOUSE FOREIGN AFFAIRS STAFF DELEGATION AS WELL AS THE MOOSE/MEISSNER SENATE FOREIGN RELATIONS COMMITTEE STAFF DELEGATION. IT APPEARED TO US THAT BOTH STAFDELS WERE FAVORABLE TO THE CONCEPT OF BEING ABLE TO HELP THE VOLUNTARY AGENCIES ALONG THESE LINES AND THE FORMER STAFDEL WAS PARTICULARLY INTERESTED IN THE IDEA OF ALLOWING TCN PERSONNEL IN THE MEDICAL FIELD. WE SUGGEST THAT WASHINGTON ALSO EXPLORE THIS QUESTION.

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